



House of Representatives

General Assembly

File No. 362

January Session, 2011

House Bill No. 6563

House of Representatives, April 4, 2011

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SMALL EMPLOYER HEALTH CARE PLANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-568 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) (1) Subject to approval by the commissioner, the board shall
4 establish the form and level of coverages to be made available by small
5 employer carriers in accordance with the provisions of subsection (b)
6 of this section. Such coverages, which shall be designated as small
7 employer health care plans, shall be limited to: (A) A basic hospital
8 plan, (B) a basic surgical plan, (C) major medical plans which can be
9 written in conjunction with basic hospital plans or basic surgical plans,
10 (D) comprehensive plans, and (E) plans with benefit and cost-sharing
11 levels [which] that are consistent with the basic method of operation
12 and the benefit plans of health care centers, including any restrictions
13 imposed by federal law. The board shall submit such plans to the
14 commissioner for the commissioner's approval not later than ninety
15 days after the appointment of the board pursuant to section 38a-569.

16 The board shall take into consideration the levels of health insurance
17 provided in [Connecticut] the state and such medical and economic
18 factors as may be deemed appropriate and shall establish benefit
19 levels, deductibles, coinsurance factors, exclusions and limitations
20 determined to be generally reflective of health insurance provided to
21 small employers. Such plans may include cost containment features
22 including, but not limited to: (i) Preferred provider provisions; (ii)
23 utilization review of health care services, including review of medical
24 necessity of hospital and physician services; (iii) case management
25 benefit alternatives; and (iv) other managed care provisions.

26 [(2) After the commissioner's approval of small employer health
27 care plans submitted by the board pursuant to subdivision (1) of this
28 subsection, and in lieu of the procedure established by section 38a-513,
29 any small employer carrier may certify to the commissioner, in the
30 form and manner prescribed by the commissioner, that the small
31 employer health care plans filed by the carrier are in substantial
32 compliance with the provisions in the corresponding approved board
33 plan. Upon receipt by the department of such certification, the carrier
34 may use such certified plans until such time as the commissioner, after
35 notice and hearing, disapproves their continued use.]

36 (2) Subject to approval by the commissioner, the board shall
37 establish plans with a lower option level of coverages for the types of
38 plans set forth in subparagraphs (A) to (E), inclusive, of subdivision (1)
39 of this subsection that provide a lower premium rate, to be made
40 available by small employer carriers in accordance with the provisions
41 of subsection (b) of this section. Such coverages shall provide benefit
42 and cost-sharing levels that are consistent with other group plans
43 available in the state, including, but not limited to, high deductible
44 health plans, as defined in Section 220(c)(2) or Section 223(c)(2) of the
45 Internal Revenue Code of 1986, or any subsequent corresponding
46 internal revenue code of the United States, as amended from time to
47 time. The board shall submit such plans not later than January 1, 2012,
48 to the commissioner for the commissioner's approval. The board shall
49 take into consideration the levels of health insurance provided in the

50 state and such medical and economic factors as may be deemed
51 appropriate and shall establish benefit levels, deductibles, coinsurance
52 factors, exclusions and limitations determined to be generally
53 reflective of health insurance provided to small employers. Such plans
54 may include cost containment features including, but not limited to:
55 (A) Preferred provider provisions; (B) utilization review of health care
56 services, including review of medical necessity of hospital and
57 physician services; (C) case management benefit alternatives; and (D)
58 other managed care provisions.

59 (b) Not later than [ninety] sixty days after the commissioner's
60 approval of small employer health care plans submitted by the board,
61 each small employer carrier, including, but not limited to, each health
62 care center, shall, as a condition of transacting such insurance in this
63 state, [offer] file with the commissioner for the commissioner's
64 approval, and offer upon such approval, those small employer health
65 care plans that correspond to the insurance products [being] currently
66 offered by the carrier to small employers. Each small employer that
67 elects to be covered under such plan and agrees to make the required
68 premium payments and to satisfy the other provisions of the plan shall
69 be issued such a plan by the small employer carrier.

70 (c) No health care center shall be required to offer coverage or
71 accept applications pursuant to subsection (b) of this section in the case
72 of any of the following: (1) To a group, where the group is not
73 physically located in the health care center's approved service area; (2)
74 to an employee, where the employee does not work or reside within
75 the health care center's approved service area; (3) within an area,
76 where the health care center reasonably anticipates, and demonstrates
77 to the satisfaction of the commissioner, that it will not have the
78 capacity within that area in its network of providers to deliver services
79 adequately to the members of such groups because of its obligations to
80 existing group contract holders and enrollees; (4) where the
81 commissioner finds that acceptance of an application or applications
82 would place the health care center in an impaired financial condition;
83 or (5) where the commissioner finds that compliance with subsection

84 (b) or (f) of this section would place the health care center in an
 85 impaired financial condition. A health care center that refuses to offer
 86 coverage pursuant to subdivision (3) of this subsection may not, for
 87 ninety days after such refusal, offer coverage in the applicable area to
 88 new cases of employer groups with more than twenty-five eligible
 89 employees.

90 (d) A small employer carrier shall not be required to offer coverage
 91 or accept applications pursuant to subsection (b) of this section subject
 92 to the following conditions: (1) The small employer carrier ceases to
 93 market health insurance or health benefit plans to small employers and
 94 ceases to enroll small employers under existing health insurance or
 95 health benefit plans; (2) the small employer carrier notifies the
 96 commissioner of its decision to cease marketing to small employers
 97 and to cease enrolling small employers, as provided in subdivision (1)
 98 of this subsection; and (3) the small employer carrier is prohibited from
 99 reentering the small employer market for a period of five years from
 100 the date of the notice required under subdivision (2) of this subsection.

101 (e) For groups containing only one member, a small employer
 102 carrier or health care center offering coverage pursuant to this section
 103 may require proof that the individual has been self-employed for three
 104 consecutive months.

105 (f) Each small employer carrier, including, but not limited to, a
 106 health care center, shall offer each health care plan that the carrier
 107 makes available to small employers, except association group plans, to
 108 all small employers, including, but not limited to, groups containing
 109 only one member.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	38a-568

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill may result in an increased number of filings with the Department of Insurance. However, any such increase is expected to be minimal and will not result in a fiscal impact to the department.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 6563*****AN ACT CONCERNING SMALL EMPLOYER HEALTH CARE PLANS.*****SUMMARY:**

This bill requires the Connecticut Small Employer Health Reinsurance Pool's (CSEHRP) board of directors to establish small employer health care plans with a lower-option level of coverages that provide (1) a lower premium rate and (2) benefit and cost-sharing levels that are consistent with other group plans available in the state, including high deductible health plans as defined in the Internal Revenue Code. By law, these plans are limited to (1) a basic hospital plan, (2) a basic surgical plan, (3) major medical plans, (4) comprehensive plans, and (5) plans with benefit and cost-sharing levels consistent with the basic operational method and plan benefits of HMOs, including any federal law restrictions.

The board must submit these lower coverage option plans to the insurance commissioner by January 1, 2012 for approval. The bill reduces, from 90 to 60 days, the time within which a small employer carrier must offer the plans after the commissioner's approval. It adds the requirement that these carriers file plans that meet the board's requirements with the commissioner and receive his approval before offering them. It removes the current requirement that carriers certify to the commissioner that the plans are in substantial compliance with the board's plan requirements. Once the department receives the certification, the carrier may use the plans until the commissioner, after notice and hearing, disapproves their use.

In developing these plans, the board must consider existing levels of health insurance in the state as well as medical and economic factors. The benefits, deductibles, and other plan characteristics must

generally reflect health insurance provided to small employers. The plans may also have cost containment features including (1) preferred provider provisions; (2) utilization review, including review of the medical necessity of hospital and physician services; (3) case management benefit alternatives; and (4) other managed care provisions.

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2011

BACKGROUND

CSEHRP

By law, all health insurers must be members of CSEHRP. Members may purchase reinsurance coverage for an entire small group or for certain eligible employees or dependents in a group, generally those the insurer believes are high-risk (i.e., likely to have high claim costs) (CGS § 38a-569).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 15 Nay 4 (03/17/2011)